

HAMILTON COUNTY, KANSAS

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2011**

HAMILTON COUNTY, KANSAS

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Hamilton County, Kansas

We have audited the accompanying financial statements of Hamilton County, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the financial statements of the County's primary government, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note A, Hamilton County, Kansas, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the primary government of Hamilton County, Kansas, as of December 31, 2011, and their respective cash receipts and expenditures, and budgetary results for the year then ended on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

July 13, 2012

HAMILTON COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH

Year ended December 31, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Cash receipts	Expenditures
Governmental funds:			
General	\$ 211,520	\$ 5,196,891	\$ 5,024,790
Special revenue funds:			
Alcohol revenue	3,072	3,303	-
Library	2,773	117,215	115,027
Fire district #1	9,908	47,008	44,275
Library employee benefits	-	35,531	34,667
Special vehicle	-	26,938	26,938
Sheriff fund for 911	6,582	58,529	59,832
Enhancement 911	4,077	15,909	13,523
Non-budgeted special revenue funds:			
Capital improvement	1,945,126	401,892	400,702
Special machinery	104,587	47,653	-
Special road	132,679	47,653	98,449
Sheriff's funds	5,469	8,494	6,520
Special attorney trust drug money	794	-	-
Diversion fee	33,884	9,725	11,817
County sales tax	193,908	171,515	185,969
EMT trust	576	330	-
Prosecuting attorney training	797	822	745
Register of deeds technology	25,439	4,696	-
Health bio-terrorism	40,485	11,277	9,204
Solid waste management	(1,336)	98,449	95,916
Micro loan	70,251	18,806	35,374
Special law enforcement trust	7,852	-	-
Debt service fund:			
Bond and interest	24,415	118,763	115,405
Non-budgeted debt service fund:			
GO hospital bond	4,491	96,000	92,800
Total - excluding agency funds	<u>\$ 2,827,349</u>	<u>\$ 6,537,399</u>	<u>\$ 6,371,953</u>

Composition of cash balance:

Cash on hand
 Checking accounts
 Money market
 Certificates of deposit

Total cash

Agency funds

Total - excluding agency funds

The accompanying notes are an integral
part of the financial statements.

<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 383,621	\$ 157,366	\$ 540,987
6,375	-	6,375
4,961	-	4,961
12,641	-	12,641
864	-	864
-	-	-
5,279	-	5,279
6,463	-	6,463
1,946,316	30,885	1,977,201
152,240	-	152,240
81,883	-	81,883
7,443	-	7,443
794	-	794
31,792	-	31,792
179,454	-	179,454
906	-	906
874	-	874
30,135	-	30,135
42,558	-	42,558
1,197	8,077	9,274
53,683	-	53,683
7,852	-	7,852
27,773	-	27,773
<u>7,691</u>	<u>-</u>	<u>7,691</u>
<u>\$ 2,992,795</u>	<u>\$ 196,328</u>	<u>\$ 3,189,123</u>

\$ 300
54,461
7,206,720
<u>1,764,300</u>
9,025,781
<u>(5,836,658)</u>
<u>\$ 3,189,123</u>

HAMILTON COUNTY, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 5,024,790	\$ -	\$ 5,024,790	\$ 5,024,790	\$ -
Special revenue funds:					
Alcohol revenue	13,000	-	13,000	-	13,000
Library	115,027	-	115,027	115,027	-
Fire district #1	49,500	-	49,500	44,275	5,225
Library employee benefits	34,667	-	34,667	34,667	-
Special vehicle	30,000	-	30,000	26,938	3,062
Sheriff fund for 911	19,000	48,412	67,412	59,832	7,580
Enhancement 911	11,750	10,856	22,606	13,523	9,083
Debt service fund:					
Bond and interest	135,505	-	135,505	115,405	20,100
Total	<u>\$ 5,433,239</u>	<u>\$ 59,268</u>	<u>\$ 5,492,507</u>	<u>\$ 5,434,457</u>	<u>\$ 58,050</u>

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes	\$ 5,495,086	\$ 4,606,569	\$ 4,458,845	\$ 147,724
Shared revenue	240,022	249,180	229,603	19,577
Licenses, permits and fees	57,323	51,667	35,000	16,667
Charges for services:				
Law enforcement contract	101,952	98,670	111,128	(12,458)
Health	24,563	19,983	18,000	1,983
Ambulance	6,520	12,522	5,000	7,522
Prisoner care	18,900	32,780	-	32,780
Landfill	19,348	33,625	35,000	(1,375)
Interest	35,911	58,977	20,000	38,977
Other	16,043	7,240	10,000	(2,760)
Operating transfers in	27,560	25,678	20,000	5,678
Total cash receipts	<u>6,043,228</u>	<u>5,196,891</u>	<u>\$ 4,942,576</u>	<u>\$ 254,315</u>
Expenditures:				
General government:				
County Commissioners:				
Personal services	58,552	59,182	\$ 53,910	\$ (5,272)
Commodities	144	53	180	127
Contractual services	<u>5,725</u>	<u>1,932</u>	<u>5,310</u>	<u>3,378</u>
	<u>64,421</u>	<u>61,167</u>	<u>59,400</u>	<u>(1,767)</u>
County Clerk:				
Personal services	64,149	64,525	63,649	(876)
Commodities	1,892	1,518	1,322	(196)
Contractual services	4,643	2,323	1,600	(723)
Capital outlay	126	-	-	-
Reimbursed expenditures	<u>(9)</u>	<u>(86)</u>	<u>-</u>	<u>86</u>
	<u>70,801</u>	<u>68,280</u>	<u>66,571</u>	<u>(1,709)</u>
County Treasurer:				
Personal services	72,408	71,578	61,290	(10,288)
Commodities	496	3,494	2,700	(794)
Contractual services	4,618	3,670	5,810	2,140
Capital outlay	252	-	2,700	2,700
Reimbursed expenditures	<u>(834)</u>	<u>(1,270)</u>	<u>-</u>	<u>1,270</u>
	<u>76,940</u>	<u>77,472</u>	<u>72,500</u>	<u>(4,972)</u>

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
County Attorney:				
Personal services	\$ 78,933	\$ 79,783	\$ 68,405	\$ (11,378)
Commodities	1,222	1,422	1,700	278
Contractual services	16,757	15,454	13,685	(1,769)
	<u>96,912</u>	<u>96,659</u>	<u>83,790</u>	<u>(12,869)</u>
Register of Deeds:				
Personal services	57,574	60,220	52,960	(7,260)
Commodities	387	595	1,350	755
Contractual services	2,334	6,367	5,290	(1,077)
Capital outlay	7,504	419	8,100	7,681
	<u>67,799</u>	<u>67,601</u>	<u>67,700</u>	<u>99</u>
Court Services:				
Court indigent	20,100	25,837	21,800	(4,037)
Commodities	1,935	3,312	3,600	288
Contractual services	12,061	14,856	16,000	1,144
Capital outlay	12,175	4,475	3,600	(875)
	<u>46,271</u>	<u>48,480</u>	<u>45,000</u>	<u>(3,480)</u>
Courthouse general:				
Personal services	28,749	30,196	27,000	(3,196)
Commodities	18,825	19,978	15,000	(4,978)
Contractual services	227,775	352,755	315,000	(37,755)
Capital outlay	270	16,882	393,000	376,118
Reimbursed expenditures	8,714	(52,709)	-	52,709
	<u>284,333</u>	<u>367,102</u>	<u>750,000</u>	<u>382,898</u>
Direct election expense:				
Personal services	1,815	1,573	1,300	(273)
Commodities	598	413	3,000	2,587
Contractual services	15,403	2,211	2,500	289
Capital outlay	-	102	-	(102)
	<u>17,816</u>	<u>4,299</u>	<u>6,800</u>	<u>2,501</u>

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Appraiser cost:				
Personal services	\$ 48,378	\$ 49,080	\$ 45,225	\$ (3,855)
Commodities	2,137	2,417	1,760	(657)
Contractual services	70,416	75,698	68,295	(7,403)
Capital outlay	-	215	3,520	3,305
Reimbursed expenditures	(655)	(1,202)	-	1,202
	<u>120,276</u>	<u>126,208</u>	<u>118,800</u>	<u>(7,408)</u>
Zoning:				
Commodities	55	-	-	-
Contractual services	350	22	1,000	978
Reimbursed expenditures	(275)	(450)	-	450
	<u>130</u>	<u>(428)</u>	<u>1,000</u>	<u>1,428</u>
Employee benefits:				
Social security	122,713	118,637	110,000	(8,637)
Unemployment	4,825	2,497	25,000	22,503
KPERS	99,165	100,634	90,000	(10,634)
Health insurance	508,360	528,218	564,000	35,782
Life insurance	2,299	2,188	3,000	812
	<u>737,362</u>	<u>752,174</u>	<u>792,000</u>	<u>39,826</u>
Conservation District	<u>25,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Capital outlay building	<u>(990)</u>	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
Weather modification	<u>27,167</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Reimbursed expenditures	<u>(71,703)</u>	<u>(135,977)</u>	<u>-</u>	<u>135,977</u>
Total general government	<u>1,562,535</u>	<u>1,569,537</u>	<u>2,102,561</u>	<u>533,024</u>

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Public safety:				
Sheriff:				
Personal services	\$ 387,170	\$ 401,174	\$ 371,500	\$ (29,674)
Commodities	66,683	66,289	57,800	(8,489)
Contractual services	70,615	111,098	72,250	(38,848)
Capital outlay	1,730	12,878	2,950	(9,928)
	<u>526,198</u>	<u>591,439</u>	<u>504,500</u>	<u>(86,939)</u>
Emergency Management:				
Personal services	15,086	15,248	11,800	(3,448)
Commodities	2,810	646	1,800	1,154
Contractual services	2,737	1,200	1,600	400
Capital outlay	-	720	800	80
	<u>20,633</u>	<u>17,814</u>	<u>16,000</u>	<u>(1,814)</u>
Juvenile detention center	<u>1,604</u>	<u>1,675</u>	<u>1,500</u>	<u>(175)</u>
Total public safety	<u>548,435</u>	<u>610,928</u>	<u>522,000</u>	<u>(88,928)</u>
Highways and streets:				
Road and bridge:				
Personal services	419,687	336,655	388,000	51,345
Commodities	293,177	226,389	303,400	77,011
Contractual services	171,198	138,354	89,600	(48,754)
Capital outlay	132,645	147,312	160,000	12,688
Reimbursed expenditures	(7,966)	(3,016)	-	3,016
	<u>1,008,741</u>	<u>845,694</u>	<u>941,000</u>	<u>95,306</u>
Noxious weed:				
Personal services	15,394	15,425	15,000	(425)
Commodities	38,242	71,861	59,000	(12,861)
Contractual services	17,989	8,141	12,000	3,859
Capital outlay	-	-	10,000	10,000
Reimbursed expenditures	(45,554)	(52,096)	(45,000)	7,096
	<u>26,071</u>	<u>43,331</u>	<u>51,000</u>	<u>7,669</u>

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Wildlife control:				
Personal services	\$ 10,610	\$ 12,074	\$ 12,000	\$ (74)
Commodities	161,169	46,124	48,000	1,876
Contractual services	1,245	1,575	2,000	425
Capital outlay	-	8,049	1,200	(6,849)
Reimbursed expenditures	(155,526)	(46,613)	(40,000)	6,613
	<u>17,498</u>	<u>21,209</u>	<u>23,200</u>	<u>1,991</u>
Total highways and streets	<u>1,052,310</u>	<u>910,234</u>	<u>1,015,200</u>	<u>104,966</u>
Sanitation:				
Landfill:				
Personal services	29,556	25,821	26,500	679
Commodities	12,242	14,028	11,200	(2,828)
Contractual services	11,414	57,450	14,000	(43,450)
Capital outlay	-	-	12,300	12,300
Waste tire management	(129)	(2,361)	-	2,361
	<u>53,083</u>	<u>94,938</u>	<u>64,000</u>	<u>(30,938)</u>
Total sanitation	<u>53,083</u>	<u>94,938</u>	<u>64,000</u>	<u>(30,938)</u>
Health and welfare:				
Health department:				
Personal services	88,048	82,798	67,300	(15,498)
Commodities	8,931	5,787	9,600	3,813
Contractual services	20,574	7,201	8,100	899
	<u>117,553</u>	<u>95,786</u>	<u>85,000</u>	<u>(10,786)</u>
Ambulance:				
Personal services	59,805	55,033	37,700	(17,333)
Commodities	3,878	4,557	5,700	1,143
Contractual services	9,469	12,834	13,200	366
Capital outlay	646	-	6,400	6,400
	<u>73,798</u>	<u>72,424</u>	<u>63,000</u>	<u>(9,424)</u>

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Mental health	\$ 24,239	\$ 18,179	\$ 18,179	\$ -
Mental retardation	33,270	25,000	25,000	-
Total health and welfare	248,860	211,389	191,179	(20,210)
Economic development:				
Personal services	37,444	37,835	36,935	(900)
Commodities	2,007	1,483	1,200	(283)
Contractual services	4,459	7,419	6,400	(1,019)
Capital outlay	-	-	1,200	1,200
Reimbursed expenditures	(16,800)	(16,800)	(15,735)	1,065
Total economic development	27,110	29,937	30,000	63
Culture and recreation:				
Fair and activities:				
Personal services	32,217	27,395	21,000	(6,395)
Reimbursed expenditures	(37,373)	(20,289)	-	20,289
	(5,156)	7,106	21,000	13,894
Historical society	32,259	22,114	22,400	286
Youth services:				
Personal services	12,662	14,494	15,000	506
Commodities	-	-	6,150	6,150
Contractual services	-	-	6,600	6,600
Capital outlay	-	-	1,875	1,875
Appropriation	42,500	31,875	2,250	(29,625)
Reimbursed expenditures	(12,628)	(14,933)	-	14,933
	42,534	31,436	31,875	439
Golf course:				
Personal services	72,049	66,627	47,570	(19,057)
Contractual services	50	-	-	-
Capital outlay	3,061	3,071	3,960	889
	75,160	69,698	51,530	(18,168)

HAMILTON COUNTY, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Pool board:				
Personal services	\$ 28,716	\$ 30,632	\$ 21,000	\$ (9,632)
Reimbursed expenditures	(26,696)	(30,632)	-	30,632
	2,020	-	21,000	21,000
Total culture and recreation	146,817	130,354	147,805	17,451
Operating transfers:				
Capital improvement	792,660	401,892	100,000	(301,892)
Special machinery	70,630	47,653	-	(47,653)
Special road	70,629	47,653	-	(47,653)
GO hospital bond	96,000	96,000	-	(96,000)
Total operating transfers	1,029,919	593,198	100,000	(493,198)
Transfers to component units:				
Pool board	50,000	40,000	40,000	-
Fair	120,000	80,000	38,000	(42,000)
Golf course	29,900	5,200	23,470	18,270
Hospital	921,649	594,225	690,225	96,000
Hamilton County VIP	62,351	56,100	56,100	-
Extension Council	85,000	63,750	63,750	-
Airport	50,000	35,000	35,000	-
Total transfers to component units	1,318,900	874,275	946,545	72,270
Adjustment to budget:				
Law enforcement contract reclassified	-	-	(94,500)	(94,500)
Total expenditures	5,987,969	5,024,790	\$ 5,024,790	\$ -
Receipts over (under) expenditures	55,259	172,101		
Unencumbered cash balance, beginning of year	156,261	211,520	\$ 82,214	\$ 129,306
Unencumbered cash balance, end of year	\$ 211,520	\$ 383,621		

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

ALCOHOL REVENUE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State of Kansas	\$ 3,039	\$ 3,303	\$ 3,458	\$ (155)
Expenditures:				
Health and welfare:				
County appropriations	4,666	-	\$ 13,000	\$ 13,000
Transfer to general fund	2,333	-	-	-
Total expenditures	6,999	-	\$ 13,000	\$ 13,000
Receipts over (under) expenditures	(3,960)	3,303		
Unencumbered cash balance, beginning of year	7,032	3,072	\$ 9,678	\$ (6,606)
Unencumbered cash balance, end of year	\$ 3,072	\$ 6,375	\$ 136	\$ 6,239

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

LIBRARY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue	\$ 165,077	\$ 117,215	<u>\$ 114,695</u>	<u>\$ 2,520</u>
Expenditures:				
Transfer to component unit	<u>169,608</u>	<u>115,027</u>	<u>\$ 115,027</u>	<u>\$ -</u>
Receipts over (under) expenditures	(4,531)	2,188		
Unencumbered cash balance, beginning of year	<u>7,304</u>	<u>2,773</u>	<u>\$ 332</u>	<u>\$ 2,441</u>
Unencumbered cash balance, end of year	<u>\$ 2,773</u>	<u>\$ 4,961</u>		

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

FIRE DISTRICT #1 FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes and shared revenue	\$ 47,937	\$ 47,008	\$ 45,539	\$ 1,469
Expenditures:				
Health and welfare:				
Personal services	15,829	16,278	\$ 18,000	\$ 1,722
Commodities	14,312	14,755	10,800	(3,955)
Contractual	25,690	12,336	12,600	264
Capital outlay	2,764	1,885	8,100	6,215
Reimbursed expenditures	(9,034)	(979)	-	979
Total expenditures	49,561	44,275	\$ 49,500	\$ 5,225
Receipts over (under) expenditures	(1,624)	2,733		
Unencumbered cash balance, beginning of year	11,532	9,908	\$ 3,961	\$ 5,947
Unencumbered cash balance, end of year	\$ 9,908	\$ 12,641		

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue	\$ 114,428	\$ 118,763	\$ 112,940	\$ 5,823
Expenditures:				
Debt service:				
Principal	105,000	100,000	\$ 100,000	\$ -
Interest	11,016	15,405	15,405	-
Commissions	-	-	100	100
Cash basis reserve	-	-	20,000	20,000
Total expenditures	116,016	115,405	\$ 135,505	\$ 20,100
Receipts over (under) expenditures	(1,588)	3,358		
Unencumbered cash balance, beginning of year	26,003	24,415	\$ 22,565	\$ 1,850
Unencumbered cash balance, end of year	\$ 24,415	\$ 27,773		

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

LIBRARY EMPLOYEE BENEFITS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance favorable (unfavorable)</u>
Cash receipts:			
Taxes and shared revenue	\$ 35,531	<u>\$ 34,667</u>	<u>\$ 864</u>
Expenditures:			
Debt service:			
Transfer to component unit	<u>34,667</u>	<u>\$ 34,667</u>	<u>\$ -</u>
Receipts over (under) expenditures	864		
Unencumbered cash balance, beginning of year	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Unencumbered cash balance, end of year	<u>\$ 864</u>		

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

SPECIAL VEHICLE

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Licenses, permits and fees	\$ 27,356	\$ 26,938	\$ 30,000	\$ (3,062)
Miscellaneous	124	-	-	-
Total cash receipts	27,480	26,938	\$ 30,000	\$ (3,062)
Expenditures:				
General government	2,253	1,260	\$ 10,000	\$ 8,740
Transfer to general fund	25,227	25,678	20,000	(5,678)
Total expenditures	27,480	26,938	\$ 30,000	\$ 3,062
Receipts over (under) expenditures	-	-		
Unencumbered cash balance, beginning of year	-	-	\$ -	\$ -
Unencumbered cash balance, end of year	\$ -	\$ -		

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY, KANSAS

SHERIFF FUND FOR 911

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Licenses, permits and fees	\$ 6,379	\$ 10,117	\$ 9,000	\$ 1,117
Grants and other	62,891	48,412	-	48,412
Total cash receipts	69,270	58,529	\$ 9,000	\$ 49,529
Expenditures:				
Public safety	74,005	59,832	\$ 19,000	\$ (40,832)
Adjustment for qualifying budget credit	-	-	48,412	48,412
Total expenditures	74,005	59,832	\$ 67,412	\$ 7,580
Receipts over (under) expenditures	(4,735)	(1,303)		
Unencumbered cash balance, beginning of year	11,317	6,582	\$ 10,317	\$ (3,735)
Unencumbered cash balance, end of year	\$ 6,582	\$ 5,279	\$ 317	\$ 4,962

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

ENHANCEMENT 911

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Licenses, permits and fees	\$ -	\$ 5,053	\$ 6,000	\$ (947)
Grants and other	6,736	10,856	-	10,856
Total cash receipts	6,736	15,909	\$ 6,000	\$ 9,909
Expenditures:				
Public safety	6,441	13,523	\$ 11,750	\$ (1,773)
Adjustment for qualifying budget credit	-	-	10,856	10,856
Total expenditures	6,441	13,523	\$ 22,606	\$ 9,083
Receipts over (under) expenditures	295	2,386		
Unencumbered cash balance, beginning of year	3,782	4,077	\$ 5,782	\$ (1,705)
Unencumbered cash balance, end of year	\$ 4,077	\$ 6,463	\$ 32	\$ 6,431

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS

Year ended December 31, 2011

	Special revenue funds				
	Capital improvement	Special machinery	Special road	Sheriff's funds	Special attorney trust drug money
Cash receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Shared revenue	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Interest	-	-	-	-	-
Charges for services	-	-	-	-	-
Loan collections	-	-	-	-	-
Miscellaneous	-	-	-	8,494	-
Transfers in	401,892	47,653	47,653	-	-
Total cash receipts	401,892	47,653	47,653	8,494	-
Expenditures:					
General government	298,927	-	-	-	-
Public safety	-	-	-	6,520	-
Highways and streets	-	-	98,449	-	-
Health and welfare	-	-	-	-	-
Debt service	205,934	-	-	-	-
New loans	-	-	-	-	-
Reimbursed expenditures	(104,159)	-	-	-	-
Transfers out	-	-	-	-	-
Total expenditures	400,702	-	98,449	6,520	-
Receipts over (under) expenditures	1,190	47,653	(50,796)	1,974	-
Unencumbered cash balance (deficit), beginning of year	1,945,126	104,587	132,679	5,469	794
Unencumbered cash balance, end of year	<u>\$ 1,946,316</u>	<u>\$ 152,240</u>	<u>\$ 81,883</u>	<u>\$ 7,443</u>	<u>\$ 794</u>

Special revenue funds

Diversion fee	County sales tax	EMT trust	Prosecuting attorney training	Register of deeds technology	Health bio-terrorism	Solid waste management
\$ -	\$ 171,515	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	11,277	-
9,725	-	-	822	4,696	-	-
-	-	-	-	-	-	45
-	-	-	-	-	-	85,926
-	-	-	-	-	-	-
-	-	330	-	-	-	12,478
-	-	-	-	-	-	-
9,725	171,515	330	822	4,696	11,277	98,449
11,817	-	-	745	-	-	95,916
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,435	-	-	-	9,204	-
-	27,500	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	152,034	-	-	-	-	-
11,817	185,969	-	745	-	9,204	95,916
(2,092)	(14,454)	330	77	4,696	2,073	2,533
33,884	193,908	576	797	25,439	40,485	(1,336)
\$ 31,792	\$ 179,454	\$ 906	\$ 874	\$ 30,135	\$ 42,558	\$ 1,197

HAMILTON COUNTY, KANSAS

STATEMENT OF CASH RECEIPTS AND EXPENDITURES ALL NON-BUDGETED FUNDS (CONTINUED)

Year ended December 31, 2011

	<u>Special revenue funds</u>		<u>Debt service fund</u>	
	<u>Micro loan</u>	<u>Special law enforcement trust</u>	<u>GO hospital bond</u>	<u>Total</u>
Cash receipts:				
Taxes	\$ -	\$ -	\$ -	\$ 171,515
Shared revenue	-	-	-	11,277
Licenses, permits and fees	-	-	-	15,243
Interest	-	-	-	45
Charges for services	-	-	-	85,926
Loan collections	18,806	-	-	18,806
Miscellaneous	-	-	-	21,302
Transfers in	-	-	96,000	593,198
	<u>-</u>	<u>-</u>	<u>96,000</u>	<u>593,198</u>
Total cash receipts	<u>18,806</u>	<u>-</u>	<u>96,000</u>	<u>917,312</u>
Expenditures:				
General government	-	-	-	407,405
Public safety	-	-	-	6,520
Highways and streets	-	-	-	98,449
Health and welfare	-	-	-	15,639
Debt service	-	-	92,800	326,234
New loans	35,374	-	-	35,374
Reimbursed expenditures	-	-	-	(104,159)
Transfers out	-	-	-	152,034
	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,034</u>
Total expenditures	<u>35,374</u>	<u>-</u>	<u>92,800</u>	<u>937,496</u>
Receipts over (under) expenditures	(16,568)	-	3,200	(20,184)
Unencumbered cash balance (deficit), beginning of year	<u>70,251</u>	<u>7,852</u>	<u>4,491</u>	<u>2,565,002</u>
Unencumbered cash balance, end of year	<u>\$ 53,683</u>	<u>\$ 7,852</u>	<u>\$ 7,691</u>	<u>\$ 2,544,818</u>

The accompanying notes are an integral part of the financial statements.

HAMILTON COUNTY, KANSAS

SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS - ALL AGENCY FUNDS

Year ended December 31, 2011

Fund	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
County clerk	\$ -	\$ 3,561	\$ 3,561	\$ -
Register of deeds	2,358	49,514	50,407	1,465
District court	18,829	240,367	250,721	8,475
Sheriff	488	184,870	164,885	20,473
County treasurer	4,912,080	9,023,912	8,232,970	5,703,022
Local taxing districts	5,930	3,279,912	3,278,963	6,879
Delinquent dumpsters	-	9,514	9,514	-
Motor vehicle fees	255	235,148	235,403	-
Hospital sales tax collections	-	101,508	85,065	16,443
Sales tax collections	5,332	117,156	111,262	11,226
Fish and game licenses	51	3,433	3,484	-
Heritage trust	256	1,348	995	609
Delinquent personal court costs	-	923	349	574
Payroll clearing funds	45,416	354,253	356,225	43,444
Aflac 125 plan	15,040	50,339	54,993	10,386
Strays	957	-	957	-
Law library	11,368	4,116	1,822	13,662
Total	<u>\$ 5,018,360</u>	<u>\$ 13,659,874</u>	<u>\$ 12,841,576</u>	<u>\$ 5,836,658</u>

The accompanying notes are an integral
part of the financial statements.

HAMILTON COUNTY, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding Hamilton County's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the County's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

1. Financial reporting entity

Hamilton County is a municipal corporation governed by an elected five-member commission. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the County has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the County's legally adopted budget and fiduciary funds controlled or administered by County employees in their capacity as County employees. These financial statements present Hamilton County (the primary government) and do not include its component units.

Component units

Hamilton County Fire District #1: The District is defined as a separate taxing entity by applicable state statutes. It provides fire protection services to certain unincorporated areas of the County. The costs of providing such services are provided from property taxes assessed to property owners in the District. For financial reporting, the financial activities of the Fire District are accounted for within a special revenue fund.

Hamilton County Fair Board: The members of the governing board are appointed by the County Commissioners. This board is accountable to the Board of Commissioners for fiscal matters.

Syracuse Hamilton County Airport: The members of the governing board of the Airport are appointed by the County Commissioners. The Airport is fiscally dependent on the County because it receives substantial financial support from the County, although it receives other support.

Hamilton County Public Library: The members of the governing board of the Public Library are appointed by the County Commissioners. The Public Library is fiscally dependent on the County because the budget is approved by the County Commissioners. In addition, the Public Library is prohibited from issuing bonded debt without the approval of the County Commission.

Hamilton County Pool Board: The members of the governing board are appointed by the County Commissioners. This board is accountable to the Board of Commissioners for fiscal matters.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Tamarisk Golf Course: The members of the governing board of the Golf Course are appointed by the County Commissioners. The Golf Course is fiscally dependent on the County because it receives substantial financial support from the County, although it receives other support.

Hamilton County Extension Council: Hamilton County Extension Council provides services in such areas as agriculture, home economics, and 4-H club, to all persons in the County. The Council is an elected eight-member executive board. The County annually provides significant operating subsidies to the Council.

Hamilton County VIP, Inc.: The members of the governing body of the VIP are appointed by the County Commissioners. The VIP is fiscally dependent on the County because it receives substantial financial support from the County, although it receives other support.

Hamilton County Hospital: The members of the governing board of the Hospital are elected. The Hospital is fiscally dependent on the County because the operating budget is approved by the County Commissioners and the County provides substantial financial support to the Hospital.

Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Administrative Offices:

Hamilton County Fair Board
P.O. Box 1024
Syracuse, Kansas 67878

Syracuse Hamilton County Airport
P. O. Box 1136
Syracuse, Kansas 67878

Hamilton County Public Library
P. O. Box 1307
Syracuse, Kansas 67878

Hamilton County Pool Board
P.O. Box 1167
Syracuse, KS 67878

Tamarisk Golf Course
P. O. Box 1183
Syracuse, Kansas 67878

Hamilton County Extension Council
P. O. Box 629
Syracuse, Kansas 67878

Hamilton County VIP, Inc.
P.O. Box 145
Syracuse, Kansas 67878

Hamilton County Hospital
East G
Syracuse, Kansas 67878

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting

The accounts of the County are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. County resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds comprise the financial activities of the County for the year of 2011:

GOVERNMENTAL FUNDS

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the County performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the County are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than special assessments, trust funds or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds

These funds are established for the purpose of accumulating resources and the payment of principal and interest on long-term general obligation debt.

FIDUCIARY FUNDS

Agency Funds

These funds are used to account for assets held by the County as an agent for individuals, private organizations and other governmental units and/or other funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The County has adopted a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

4. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

5. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds and the following special revenue funds:

Capital Improvement	EMT Trust
Special Machinery	Prosecuting Attorney Training
Special Road	Register of Deeds Technology
Sheriff's Funds	Health Bio-Terrorism
Special Attorney Trust Drug Money	Solid Waste Management
Diversion Fee	Micro Loan
County Sales Tax	Special Law Enforcement Trust

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

6. Cash and investments

To facilitate better management of the County's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash account. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the General Fund and other appropriate funds. Investments consist of time deposits and certificates of deposit and they are reported at fair value which is the same as cost.

7. Sales taxes

The County has a .50% local sales tax which is collected by the State and remitted to the County monthly. The tax is used to fund health care services of the County.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The County's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

9. Deferred compensation plan

The County offers a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. There is no cost to the County.

10. Compensated absences

The County's policy regarding vacation permits non-elected, full-time employees to earn one day per month with the earned vacation to be used within the year earned. Upon termination, employees are entitled to be paid for unused vacation time of up to 240 hours.

The County's policy regarding sick pay permits full-time employees to earn eight hours per month and to accumulate up to 960 hours, except that Road Department and Sheriff Department employees may accrue up to 1,140 hours. Upon termination, employees are not entitled to be paid for unused sick leave, except for employees who met the requirements and had an accumulation of leave in November 2001.

11. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The County participates in public entity risk pools to cover property, liability and worker's compensation claims. The County purchases commercial insurance to cover the medical needs of employees. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

12. Other post employment benefits

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the County is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the County makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the County under this program.

13. Section 125 plan

The County offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by an independent insurance company.

B. DEPOSITS AND INVESTMENTS

Policies. The County has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the County. The statute requires banks eligible to hold the County's funds to have a main or branch bank in the County, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the County's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The County's designated "peak periods" of sixty days each begin December 10, and May 1.

K.S.A. 12-1675 limits the County's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the County may invest in any one issuer.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. At year-end the carrying amount of the County's deposits, including certificates of deposit, was \$9,025,481. The bank balance was \$9,198,573. Of the bank balance, \$2,102,326 was covered by FDIC insurance, \$4,429,558 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the County's name, \$2,666,689 was unsecured under a peak period agreement.

C. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
General obligation, Series 2007					
Issued November 1, 2007					
In the amount of \$275,000					
At interest rate of 0%					
Maturing November 1, 2017	\$ 192,500	\$ -	\$ 27,500	\$ 165,000	\$ -
Hospital refunding, Series A 2009					
Issued December 30, 2009					
In the amount of \$725,000					
At interest rates of 1.00% to 3.20%					
Maturing September 1, 2016	620,000	-	100,000	520,000	15,405
General obligation, Series B 2009					
Issued December 30, 2009					
In the amount of \$450,000					
At interest rates of 1.00% to 2.70%					
Maturing September 1, 2014	360,000	-	85,000	275,000	7,800
	<u>1,172,500</u>	<u>-</u>	<u>212,500</u>	<u>960,000</u>	<u>23,205</u>

C. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital leases:					
644J Wheel Loader					
Issued September 7, 2011					
In the amount of \$114,014					
At interest rate of 4.77%					
Maturing February 15, 2016	\$ -	\$ 114,014	\$ -	\$ 114,014	\$ -
Eight radios and control station					
Issued February 1, 2011					
In the amount of \$15,764					
At interest rate of 4.21%					
Maturing February 1, 2022	-	15,764	1,037	14,727	664
John Deere bunker rake					
Issued May 20, 2008					
In the amount of \$10,995					
At interest rate of 4%					
Maturing May 20, 2011	2,944	-	2,944	-	127
John Deere 7530 Tractor					
Issued September 14, 2010					
In the amount of \$5,741					
At interest rate of 4.75%					
Maturing September 14, 2015	5,741	-	1,335	4,406	279
Three John Deere 7230 Tractors					
Issued November 9, 2010					
In the amount of \$55,122					
At interest rate of 4.55%					
Maturing November 9, 2014	55,122	-	12,856	42,266	2,561
	63,807	129,778	18,172	175,413	3,631
Other:					
KDOT revolving loan					
dated December 4, 2007					
In the amount of \$1,751,448					
At interest rate of 3.6%					
Maturing in 2017	1,239,894	-	158,198	1,081,696	44,636
Compensated absences:					
Vacation and sick leave	81,993	-	6,468	75,525	-
Landfill closure and post closure care	278,910	-	11,622	267,288	-
Total long-term debt	\$2,837,104	\$ 129,778	\$ 406,960	\$2,559,922	\$ 71,472

Current maturities of general obligation bonds and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 217,500	\$ 20,430	\$ 237,930
2013	217,500	12,380	229,880
2014	227,500	12,070	239,570
2015	132,500	6,670	139,170
2016	137,500	3,520	141,020
2017	27,500	-	27,500
Total	\$ 960,000	\$ 55,070	\$ 1,015,070

C. LONG-TERM DEBT (CONTINUED)

Current maturities of capital leases and interest for the next five years and five year increments thereafter are as follows:

	Principal due	Interest due	Total due
2012	\$ 39,270	\$ 4,203	\$ 43,473
2013	38,154	5,319	43,473
2014	39,699	3,774	43,473
2015	24,280	2,165	26,445
2016	25,158	1,285	26,443
2017-2021	7,221	1,280	8,501
2022-2023	<u>1,631</u>	<u>69</u>	<u>1,700</u>
Total	<u>\$ 175,413</u>	<u>\$ 18,095</u>	<u>\$ 193,508</u>

Current maturities of KDOT revolving loan, interest and fees through maturity are as follows:

	Principal due	Interest due	Total due
2012	\$ 213,706	\$ 38,941	\$ 252,647
2013	221,934	31,248	253,182
2014	230,478	23,258	253,736
2015	239,352	14,961	254,313
2016	59,056	6,344	65,400
Thereafter	<u>117,170</u>	<u>4,218</u>	<u>121,388</u>
Total	<u>\$ 1,081,696</u>	<u>\$ 118,970</u>	<u>\$ 1,200,666</u>

K.S.A. 10-306 limits the amount of bonded indebtedness that a county may have outstanding at any one time to 3% of the assessed valuation of taxable tangible property within the county. At year end, the County had \$960,000 of general obligation debt, which was approximately 3% of assessed valuation. Of this amount, the County had \$520,000 of general obligation healthcare improvement bonds outstanding. Pursuant to K.S.A. 19-4603, these bonds are exempt from the debt limitation requirements.

D. DEFEASED BONDS

On December 30, 2009, the County issued \$725,000 in general obligation bonds with interest rates ranging from 1.00% to 3.20% to advance refund \$685,000 of outstanding 1999 Series bonds with interest rates ranging from 4.65% to 5.05%. The net proceeds of \$696,070 (after payment of \$28,930 issuance costs) was applied to the payment of the refunded bonds plus interest of \$11,070. As a result, the refunded 1999 Series bonds, which mature in 2016, are considered to be defeased and the liability for those bonds has been removed from the long-term debt footnote.

The County advance refunded the 1999 Series bonds to reduce its total debt service payments over the next 7 years by \$28,954 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$22,214.

E. CDBG LOANS

The County has made the following 6% loans to local businesses through a Community Development Block Grant revolving loan program.

<u>Original loan</u>	<u>Date due</u>	<u>Monthly payment</u>	<u>Balance at 12-31-11</u>
\$ 25,000	10-2015	\$ 292	\$ 12,245
25,000	11-2015	284	12,120
25,000	04-2016	287	13,276
22,000	12-2020	254	20,662
12,500	04-2018	135	12,500

F. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follow:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Authority</u>
Operating transfers:			
Special Vehicle	General	\$ 25,678	KSA 8-145
General	Capital Improvement	401,892	KSA 19-120
General	Special Machinery	47,653	KSA 68-141g
General	Special Road	47,653	KSA 68-590
General	GO Hospital Bond	<u>96,000</u>	KSA 19-4606
		<u>\$ 618,876</u>	
Transfers to component units:			
General	Airport	\$ 35,000	KSA 3-121
General	Hamilton County VIP	56,100	KSA 12-1680
General	Extension Council	63,750	KSA 2-610
General	Hospital	594,225	KSA 19-4606
General	Fair Board	80,000	KSA 2-129
General	Pool Board	40,000	KSA 19-2801
General	Golf Course	5,200	KSA 19-27,156
Library	Public Library	115,027	KSA 12-1220
County Sales Tax	Hospital	152,034	KSA 12-187
Library Employee Benefits	Public Library	<u>34,667</u>	KSA 12-16,102
		<u>\$1,176,003</u>	

G. DEFINED BENEFIT PENSION PLAN

Plan description. Hamilton County contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees (generally active members prior to July 1, 2009) and 6% for Tier 2 employees (generally active members on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The KPERS employer rate established by statute for the period January through December 2011 was 7.74%. Hamilton County's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$103,771, \$101,506, and \$84,674, respectively, equal to the required contributions for each year.

H. CONTINGENCIES

The County receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of County management, such disallowances, if any, would be insignificant.

I. LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as change in long-term debt in each period based on landfill capacity used as of each financial statement date.

The landfill closure and postclosure care liability is \$267,288 at December 31, 2011. This represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of the area currently open. The County will recognize the remaining estimated liability for closure and postclosure care of \$206,964 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may differ due to inflation, changes in technology, or changes in regulations. The County will cover these costs through future charges to landfill users and future ad valorem tax revenues. The County has 47 acres of permitted area, of which 14 acres have received the final cover. The County currently uses approximately .2 acres per year.

The County is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The County has satisfied all four requirements.

J. OPERATING LEASES

The County had the following operating leases as of December 31, 2011. These leases represent future commitments of annual lease expenses. At the end of the lease term, the County expects to return the equipment to the lessor.

In March of 2005, the County entered into a seven-year operating lease agreement for a motor grader. The annual cost of the lease is \$20,370.

In May of 2007, the County entered into a seven-year operating lease agreement for a motor grader. The annual cost of the lease is \$18,384.

In August of 2008, the County entered into a seven-year operating lease agreement for two motor graders. The annual cost of the lease is \$27,544.

In March of 2009, the County entered into a seven-year operating lease agreement for a motor grader. The annual cost of the lease is \$25,795.

In August of 2010, the County entered into a seven-year operating lease agreement for three motor graders. The annual cost of the lease is \$55,094.

The following is a yearly schedule of future minimum rental payments for the operating leases:

2012	\$ 139,433
2013	139,433
2014	121,049
2015	93,505
2016	67,710
2017	67,710
2018	<u>12,616</u>
	<u>\$ 641,456</u>

K. PUBLIC ENTITY RISK POOLS

The County is a member of the Kansas County Association Multi-Line Pool (KCAMP), a group funded pool for property, liability, crime and surety coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Pool as determined by the nine-member Board of Trustees. It is not possible to estimate the maximum contributions which could be required. KCAMP covers claims up to \$250,000 for property, \$250,000 for liability and \$150,000 for crime. Excess reinsurance provides aggregate coverage up to \$40,512,696 for property and \$1,000,000 for liability. Except for required contributions, no member can be held responsible for any claims made against any other member.

The County is a member of the Kansas Workers Risk Cooperative for Counties (KWORCC), a group funded pool for workers compensation coverage which was formed through the Kansas Municipal Group-Funded Pool Act, K.S.A. 12-2616, et seq. This is a public entity risk pool which operates as a common risk management and insurance program for member counties. The County pays an annual contribution to the Cooperative as determined by the seven-member Board of Trustees based upon experience modification factors, payroll audits and any other bases the Board considers appropriate. It is not possible to estimate the maximum contributions which could be required. KWORCC covers claims up to \$600,000 each and aggregate excess reinsurance provides aggregate coverage up to \$1,000,000. Except for required contributions, no member can be held responsible for any claims made against any other member.

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 13, 2012, the date on which the financial statements were available to be issued. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.